

STATEMENT OF SENATOR JOHN McCAIN  
CHAIRMAN, SENATE COMMITTEE ON  
COMMERCE, SCIENCE, AND TRANSPORTATION  
OVERSIGHT HEARING ON AMTRAK  
SEPTEMBER 26, 2000

- C Today's hearing will be the first Amtrak oversight hearing by the Full Committee since we approved comprehensive reform legislation nearly three years ago.
- C Clearly, not all members of this Committee share the same perspective concerning the obligation imposed on the American taxpayers to fund Amtrak for what is now in its 29th year of subsidization -- and more than \$23 billion dollars -- even though Amtrak was to have been free of all federal assistance two years after it was established long ago in 1971. However, we did all work collectively on the reform legislation with the intent to give Amtrak the tools it said it needed to become operationally self-sufficient. I am eager to learn what progress Amtrak has made toward achieving that statutory goal.
- C More important, we must examine whether the statutory provisions shepherded by this Committee will even be relevant if Amtrak and others are successful in enacting the \$10 billion bond funding scheme being pushed forward by the Senate Finance Committee. Despite my urging to the contrary, last week the Finance Committee was expected to report out legislation which included the bonding authority for Amtrak. The actual legislative language has still not been made available, but their postponed markup is now expected to occur this week.
- C So far, this multi-billion dollar blank check has managed to sail through without even a single hearing by the Finance Committee -- just like when it found a way to give Amtrak \$2.2 billion in tax refunds even though Amtrak has never earned a profit nor paid corporate taxes. There is a nagging feeling of *deja vu* and I fear once again the American taxpayers will pay the price.
- C As Chairman of the authorizing Committee, I will not sit idly by for another committee to effectively nullify the 1997 reform legislation developed by this Committee. I intend to do all I can to put the spotlight on how this funding scheme will impact the federal taxpayers and the legal obligations of the federal government, not to mention the spirit of the 1997 reform legislation.
- C During this hearing, Amtrak will present a glowing report on its "achievements." But I caution my colleagues to not tune out those who will testify about the less than glowing facts. While Amtrak will discuss last year's "record setting year" and this year's growing ridership and revenues, the DOT-IG will report that Amtrak has also been experiencing its largest operating losses in history during the same record setting period.
- C Again, Amtrak has been experiencing its largest losses in history at the time when our nation's economy has been at its strongest. Yet we would never know about these losses if we only

relied on Amtrak's press releases. We never hear that Amtrak's expenses are rising or that their ridership and revenues gains are actually below the levels projected in Amtrak's Strategic Business Plan.

- C I cannot understand how Amtrak can so easily issue press releases about its seemingly glowing statistics and outright ignore the realities of the bigger financial picture. To my knowledge, no legitimate business enterprise in this country could get away with deceiving its stakeholders in the manner Amtrak has been doing in its press releases about ridership and revenues. Obviously, ridership is not the end-all Amtrak wants us to think it is if Amtrak is experiencing astronomical operating losses at the same time it is touting its ridership.
- C Further, if you actually look at Amtrak's ridership historically, you will find that last year's "record ridership" was essentially at the same level it was in 1979!
- C Amtrak's stagnate ridership can't be ignored particularly given the growth experienced by other passenger modes. In just the past decade, car travel is up 25%, bus travel is up 7% and air travel is up 37%. And let's consider the actual ridership level comparison: intercity buses carry 357 million passengers annually compared to Amtrak's 21 million -- that is 17 times more passengers. Airlines carry 582 million passengers -- 28 times more than Amtrak carries. But we are supposed to be impressed that Amtrak's ridership is at the same level it was 20 years ago and we'll be asked to continue pumping billions of dollars into a form of transportation that the majority of the traveling public isn't interested in utilizing outside of the Northeast.
- C If we are serious about fulfilling our responsibilities, we need to consider all of the facts, good and bad. We need to oversee Amtrak based on its actual financial results and service demand. This cannot be accomplished if we allow our objectiveness to be overridden by notions of nostalgia and the single goal of retaining a form of transportation from yesteryear regardless of the cost.
- C Perhaps today we can't make a definitive conclusion on whether Amtrak will meet its statutory requirement to be free of operating assistance by the end of 2002. According to the recent report by the Inspector General, however, it is next to impossible. But one thing is certain today: Amtrak needs to make more progress before any further funding schemes are enacted - particularly schemes in which another committee is effectively authorizing Amtrak as a federal monopoly for another 30 years.
- C I welcome today's witnesses and look forward to hearing their testimony.

